



14 September 2009

Graeme Samuel
Chairman
The Australian Competition and Consumer Commission
Level 35, The Tower
Melbourne Central
360 Elizabeth Street
MELBOURNE VIC 3000

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Dear Graeme

I write in relation to the draft indicative prices for fixed line telecommunications services recently published by the ACCC.

Whilst we were pleased to see some prices such as WLR Zone A moving in the right direction, we were very concerned at the indications of possible large increases for WLR in the Zone B areas and the likely impact this may have on competition and prices for regional consumers.

We understand that these Zone B costs were derived from the new Analysys costing model, but we believe the potential increases are already covered by the USO charges, and, as a result, the WLR Zone B prices should be set at a level of no more than \$23.30 to align with the Zone A draft prices. This price would still be higher than your relevant international benchmarking exercise which indicated a geographically averaged benchmark of \$20.51 for a comparable product.

Our view is that prices in Australia for basic fixed services should be moving closer to these international benchmarks and at a faster rate than proposed thus removing any necessity for a glide-path approach such as that proposed in LCS and PSTN OTA draft prices. We do not believe that removal of these glide paths constitute material rate shock for relevant Access Providers.

We hope that the Commission will consider our feedback and incorporate appropriate amendments prior to reaching a decision on its final indicative prices.

Yours sincerely

Paul Broad

cc Michael Cosgrave
cc Clive Poolman